

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6205-01
Bill No.: HB 1944
Subject: Taxation and Revenue - Income; Revenue Dept; Science and Technology
Type: Original
Date: April 11, 2012

Bill Summary: This proposal would authorize an income tax return check-off box for designations of income tax refunds for pediatric cancer research.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Pediatric Cancer Research Trust	Less than \$100,000	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	Less than \$100,000	Less than \$100,000	Less than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State**, the **Office of the State Treasurer**, the **Joint Committee on Administrative Rules**, and the **Office of Administration, Office of the Director** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would not result in additional costs or savings to their organization.

BAP officials stated that this proposal would create an income check-off to benefit a fund established in this proposal: the Pediatric Cancer Research Trust Fund. Taxpayers could designate a portion of their refund to the fund. Taxpayers could also write a check for donations into the fund.

To the extent the check-off is used, this proposal would increase total state revenues. BAP notes that \$313,610 in designations were made via income tax check-offs in FY 2011.

Oversight assumes that the participation rate and the amount of revenue which would be provided for the Pediatric Cancer Research Trust Fund through this proposed check-off program are unknown.

Oversight reviewed the DOR report of checkoff trust fund collections for the years ended June 30, 2009 and 2010, and noted that only one program had collections in excess of \$100,000 per year. Average collections for the each of the twenty programs in FY 2010 was \$16,600.

For fiscal note purposes, **Oversight** will indicate annual revenue less than \$100,000 for the Pediatric Cancer Research Trust Fund. The program would be effective for tax years beginning January 1, 2012, and Oversight assumes the donations would be made from refunds beginning in January, 2013 (FY 2013).

Oversight also notes that the funds collected under this program would be paid out to a specified research foundation; accordingly, Oversight will assume this proposal would have no other impact on the state or on local governments.

ASSUMPTION (continued)

Officials from the **Department of Revenue** (DOR) assume this proposal would create an income tax refund check-off program for a newly created fund, the Pediatric Cancer Research Trust Fund. Beginning January 1, 2012, individuals or corporations entitled to a tax refund could designate one dollar, or two dollars on a combined return, to the fund.

DOR officials assume that DOR would need to make form changes, and DOR and ITSD-DOR would need to make programming changes to various tax systems. Other than the need for forms changes and programming this legislation would have no impact on DOR.

DOR officials also provided an estimate of the IT impact to implement this proposal, \$22,260 based on 840 hours of programming to make changes to DOR systems.

Oversight assumes that ITSD-DOR is provided with core funding to handle a certain amount of activity each year, and that ITSD-DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, ITSD-DOR could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
PEDIATRIC CANCER RESEARCH TRUST FUND			
<u>Revenue - donations</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>
ESTIMATED NET EFFECT ON PEDIATRIC CANCER RESEARCH TRUST FUND	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

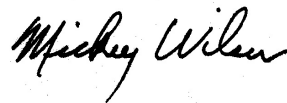
FISCAL DESCRIPTION

This proposal would authorize an income tax return check-off box for designations of income tax refunds for pediatric cancer research.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of the State Treasurer
Joint Committee on Administrative Rules
Office of Administration
 Office of the Director
 Division of Budget and Planning
Department of Revenue



Mickey Wilson, CPA
Director
April 11, 2012